

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS MOELLER TO INTERROGATORY OF  
THE DIRECT MARKETING ASSOCIATION, INC.  
REDIRECTED FROM WITNESS MODEN  
(DMA/USPS-T4-23(b))

The United States Postal Service hereby provides the response of witness Moeller to the following interrogatory of the Direct Marketing Association, Inc.: DMA/USPS-T4-23(b), filed on August 15, 1997, and redirected from witness Moden.

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
Anthony F. Alverno

475 L'Enfant Plaza West, S.W.  
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August 29, 1997

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO  
INTERROGATORY OF DIRECT MARKETING ASSOCIATION REDIRECTED  
FROM WITNESS MODEN

DMA/USPS-T4-23. Please refer to your response to DMA/USPS-T4-13.

- a. Are barcodes applied to parcels in all mail classes (including Standard (A)) by parcel sorting machines or by postage validation imprinters? If yes, please describe the number and types of parcels sprayed with barcodes by mail class.
- b. Has the Postal Service considered any proposal to apply a parcel barcoding discount to Standard (A)? If "yes," please provide details of such a proposal and explain why such a proposal was not introduced in R97-1. If "no," please explain why such a discount is being considered for Standard (B), but not Standard (A).
- c. Does the Postal Service have any plans to apply barcodes to parcels at mail processing facilities other than BMCs and at retail windows? If "yes," please provide details of such plans. If "no," please explain why the Postal Service is not considering expanding the application of barcodes to parcels.

RESPONSE:

- a. Responded to by witness Moden.
- b. I know of no proposal considered by the Postal Service to introduce a parcel barcode discount in Standard Mail (A). As described in my testimony at page 12, line 17, through page 13, line 7, the Postal Service proposes a simple per-piece surcharge for pieces that are prepared as parcels or are neither letter- nor flat-shaped. One factor for choosing this per-piece surcharge as the method for de-averaging is to avoid the complexity that would be introduced if another schedule of piece and pound rates, complete with presort tiers and automation discounts, were proposed. If a barcode discount were proposed, it would essentially split this relatively small segment of Standard Mail (A) into two smaller groups: one that pays the residual surcharge, and one that pays the residual surcharge, less the

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barcode discount. This would be counter to the intended simplicity of the per-piece surcharge.

Also, the low passthrough applied to the residual shape cost difference has the effect of moderating the rate increase for these pieces. It seems counter-productive to introduce an offsetting discount, especially if the intention of the discount is to further moderate the impact of the surcharge.

In addition, machinable parcels receive favorable rate treatment by virtue of the extension of 3/5-digit presort rates to parcels prepared to BMC in lieu of the more stringent preparation required of non-machinable parcels and flats. Although this preparation is compatible with the mail processing of machinable parcels, it makes it easier for Standard Mail (A) parcels to satisfy eligibility for the 3/5-digit presort tier.

- c. Responded to by witness Moden.

**DECLARATION**

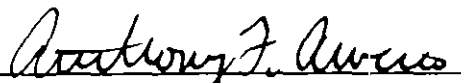
I, Joseph D. Moeller, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

  
JOSEPH D. MOELLER

Dated: August 29, 1997

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

  
Anthony F. Alverno

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